

**CHESANING-BRADY FIRE  
ADMINISTRATIVE BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2005**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>CHESANING-BRADY FIRE BOARD</b>	County <b>SAGINAW</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>7-8-05</b>	Date Accountant Report Submitted to State: <b>8-8-05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

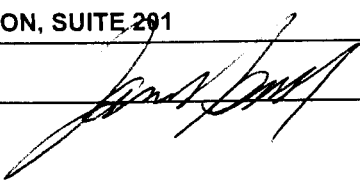
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>DEMIS &amp; WENZLICK P.C.</b>			
Street Address <b>217 N WASHINGTON, SUITE 201</b>	City <b>OWOSSO</b>	State <b>MI</b>	ZIP <b>48867</b>
Accountant Signature 		Date <b>8/8/05</b>	



# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

217 N. Washington Street  
Pabst Building, Suite 201  
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143  
E-MAIL [office@dw-cpa.com](mailto:office@dw-cpa.com)

James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.  
Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

Carol A. Demis  
Jeanette Gaitskill  
Janet E. Guru  
Greg Irish  
Janis K. Mead  
Tammy Pappas  
Peggy Ryan  
Joyce M. Simmons  
Gail Winnick, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Chesaning-Brady Fire Administrative Board  
Saginaw County, Michigan

We have audited the general-purpose financial statements of the Chesaning-Brady Fire Administrative Board, as of and for the year ended March 31, 2005. These general-purpose financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Fire Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities as required by the Governmental Accounting Standards Board (GASB 34). Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. GASB 34 requires management's discussion and analysis which also has not been prepared.

In our opinion, except for the non-application of GASB 34, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Chesaning-Brady Fire Administrative Board, as of March 31, 2005, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Our report of comments and recommendations has been submitted under separate cover dated July 8, 2005.

*Dennis and Wenzel, P.C.*

Certified Public Accountants

Owosso, Michigan  
July 8, 2005

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2005

	<u>GOVERNMENTAL FUND TYPES</u>		<u>LONG-TERM</u>
	<u>FIRE FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>DEBT</u>
ASSETS AND OTHER DEBITS			
ASSETS:			
Cash - Checking and Savings	\$348,753	\$ -0-	\$ -0-
Certificates of Deposit	50,049	-0-	-0-
Taxes Receivable - Townships	4,042	-0-	-0-
Fixed Assets	-0-	861,950	-0-
Amount to be Provided	<u>-0-</u>	<u>-0-</u>	<u>63,934</u>
TOTAL ASSETS	<u>\$402,844</u>	<u>\$861,950</u>	<u>\$ 63,934</u>
LIABILITIES AND OTHER CREDITS			
LIABILITIES:			
Accounts Payable	\$ 12,716	\$ -0-	\$ -0-
Current Maturities	<u>-0-</u>	<u>-0-</u>	<u>31,090</u>
TOTAL CURRENT LIABILITIES	\$ 12,716	\$ -0-	\$ 31,090
LONG-TERM DEBT	<u>          </u>	<u>          </u>	<u>32,844</u>
TOTAL LIABILITIES	\$ 12,716	\$ -0-	\$ 32,844
EQUITY:			
Investment in General Fixed Assets	\$ -0-	\$861,950	\$ -0-
Fund Balances:			
Unreserved	<u>390,128</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EQUITY	<u>\$390,128</u>	<u>\$861,950</u>	<u>\$ -0-</u>
TOTAL LIABILITIES AND EQUITY	<u>\$402,844</u>	<u>\$861,950</u>	<u>\$ 63,934</u>

The accompanying notes are an integral  
part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2005

REVENUES:	
Contribution - Chesaning Township	\$143,204
Contribution - Chapin Township	8,294
Contribution - Brady Township	61,496
Interest Income	3,275
Grants	1,172
Donations	1,830
Sign Sales, Copies, Misc.	<u>2,014</u>
TOTAL REVENUES	\$221,285
EXPENDITURES:	
Wages - Firefighters	\$ 31,173
Payroll Taxes	3,398
Vehicle, Equip. Maint. & Supplies	17,763
Insurance	19,189
Fuel	3,428
Salaries - Board and Chief	13,250
Building Maintenance	978
Telephone, Pagers	4,822
Utilities	4,188
Professional Fees	9,609
Training, Education and Dues	2,757
Clothing	3,817
Rent	1,500
Office Expenses	2,008
Prevention	1,570
Retirement/401K	1,936
Equipment Replacement	3,521
Vehicle Improvement	29,428
Building Replacement	24,000
Interest Expense	<u>5,269</u>
TOTAL EXPENDITURES	\$183,604
EXCESS OF REVENUES OVER EXPENDITURES	37,681
Fund Balances - Beginning of Year	<u>352,447</u>
FUND BALANCES - END OF YEAR	<u>\$390,128</u>

The notes to the financial statements are  
an integral part of this statement.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
STATEMENT OF REVENUES AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED MARCH 31, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
Contribution-Chesaning Twp.	\$147,282	\$143,204	\$ 4,078
Contribution-Chapin Twp.	4,200	8,294	(4,094)
Contribution-Brady Twp.	59,737	61,496	(1,759)
Interest Income		3,275	(3,275)
Grants	3,500	1,172	2,328
Donations		1,830	(1,830)
Sign Sales, Copies, Misc.	<u>100</u>	<u>2,014</u>	<u>(1,914)</u>
TOTAL REVENUES	\$214,819	\$221,285	\$ (6,466)
EXPENDITURES:			
Wages-Firefighters	\$ 38,000	\$ 31,173	\$ 6,827
Payroll Taxes	3,100	3,398	(298)
Vehicle Equip. Maint. & Supplies	14,000	17,763	(3,763)
Insurance	20,000	19,189	811
Fuel	2,400	3,428	(1,028)
Salaries - Board & Chief	2,166	13,250	(11,084)
Building Maintenance	1,500	978	522
Utilities, Telephone, Pagers	8,000	9,010	(1,010)
Professional Fees	9,000	9,609	(609)
Training, Education & Dues	2,500	2,757	(257)
Clothing	4,500	3,817	683
Rent	1,200	1,500	(300)
Office Expenses	2,000	2,008	(8)
Retirement	3,500	1,936	1,564
Equipment Replacement	4,453	3,521	932
Vehicle Replacement	45,000	29,428	15,572
Building Replacement	45,000	24,000	21,000
Interest Expense	5,000	5,269	(269)
Fire Prevention	<u>3,500</u>	<u>1,570</u>	<u>1,930</u>
TOTAL EXPENDITURES	\$214,819	\$183,604	\$ 31,215
EXCESS OF REVENUES			
OVER EXPENDITURES	\$ <u>-0-</u>	37,681	\$ (37,681)
Fund Balances - Beginning of Year		<u>352,447</u>	
FUND BALANCES - END OF YEAR		<u>\$390,128</u>	

The accompanying notes are an integral  
part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**REPORTING ENTITY**

The organization was formed March 1, 1996, by the following units of government:

Township of Chesaning  
Village of Chesaning  
Township of Brady

The organization was formed pursuant to authority granted under P.A. 7 of 1967, the stated purpose of which is to provide fire protection for the residents of the units of government.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The government has the following fund types and account groups:

**GOVERNMENTAL FUNDS**

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.



CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**SPECIAL REVENUE FUNDS**

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

**ACCOUNT GROUPS**

The general fixed assets account groups is used to account for fixed assets.

**DEPOSITS AND INVESTMENTS**

The organization's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**INVENTORIES AND PREPAID ITEMS**

The costs of governmental fund-type inventories and certain payments to vendors are recorded as expenditures when purchased.

**COMPENSATED ABSENCES**

There are no compensated absences or any retirement benefits.

**BUDGETS AND BUDGETARY ACCOUNTING**

The organization follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the treasurer submits to the Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budgets are approved by each of the controlling units of government.
3. Prior to April 1, the budget is legally enacted through Board approval.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Organization includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent on the organization. Control by or dependence on the organization was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the organization to finance any deficits that may occur or receipt of significant subsidies from the organization.

Based on the foregoing criteria, there are no organizations that need to be included in the organization's report.

FIXED ASSETS

Fixed assets used in governmental fund types of the organization are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated cost by the units of government. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

OPERATING LEASE

The organization leases a building from the Village of Oakley. This building houses fire equipment. The lease for one year is renewable, and has been classified as an operating lease.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2005

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the organizations actual expenses and budgeted expenses of the budgetary funds reflect where the actual expenses exceed budgeted amounts. the over expenditure was funded by revenues in excess of budgeted amounts and available fund balance.

NOTE C- CASH

The Organizations deposits consist of interest bearing savings and checking accounts and certificates of deposit. At year end, the bank balance was essentially the same as the carrying value.

The Organization's deposits consisted of cash at two financial institutions.

MARCH 31, 2005

<u>INSTITUTION A</u>	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Cash - Checking	\$ 17,986	\$ 17,986	\$ -0-
Cash - Savings	276,050	100,000	176,050
Certificate of Deposit	<u>50,049</u>	<u>-0-</u>	<u>50,049</u>
	<u>\$344,085</u>	<u>\$117,986</u>	<u>\$226,099</u>
 <u>INSTITUTION B</u>			
Cash - Savings	\$274,050	\$100,000	\$174,050

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2005

**NOTE D - FIXED ASSETS**

The policy of the organization is to reflect the total vehicles and attachments thereon, in the financial statements. The assets not included in this report include tools, pagers, radios, air equipment, furnishings and computer equipment. The total cost of these items exceed \$250,000.

Additionally, the organization has the use of certain vehicles owned by the State of Michigan - DNR. The organization pays all associated costs for these vehicles, which have an estimated cost of \$8,200.

Estimated Original Cost of Fixed Assets as of March 31, 2004	\$837,950
Land Purchases During the Fiscal year	24,000
Removals During the Fiscal Year	<u>-0-</u>
FIXED ASSETS AT MARCH 31, 2005	<u>\$861,950</u>

The land and building in Chesaning, Michigan is owned by the Village of Chesaning. The organization has use of the building, at no cost, other than payment of expenses associated with the building.

**NOTE E - LAND**

In December 2004, the organization purchased 12 acres of land for \$72,000, plus costs. It is the intent of the organization to eventually construct a building and move the operations to this site.

**NOTE F - PENSION PLAN**

The organization has elected to allow its employees to participate in a pension plan. This pension plan is recognized under IRS Code Section 457. This pension is in conjunction with an existing plan that was established by Chesaning Township. It allows for up to 5% of pay of employees to be withheld. All pension withholding is matched by the board. This plan was effective April 1, 2000.



# DEMIS and WENZLICK, P.C.

Certified Public Accountants

217 N. Washington Street  
Pabst Building, Suite 201  
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143  
E-MAIL office@dw-cpa.com

James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.  
Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

Carol A. Demis  
Jeanette Gaitskill  
Janet E. Guru  
Greg Irish  
Janis K. Mead  
Tammy Pappas  
Peggy Ryan  
Joyce M. Simmons  
Gail Winnick, C.P.A.

Chesaning-Brady Fire Administrative Board  
Saginaw County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as result of the examination our firm performed on the financial statements of the Chesaning-Brady Fire Administrative Board for the year ended March 31, 2005

As a result of our examination of the Board's financial statements, we make the following comments:

## BUDGET

P.A. 621 of 1978, includes a budgeted compliance requirements in budgeting. It is required under this act that actual expenditures do not exceed budgeted expenditures. Any amendments to the budget must be made before March 31.

## GENERAL LEDGER

The general ledger is an important accounting tool, an important internal control and a state mandated record. The Fire Board did maintain a general ledger during the year ended March 31, 2005, however, it was not balanced monthly.

We would like to thank the board for the excellent cooperation we received in performing the board audit. If we can be of any further assistance to the board in implementing these recommendations or any other board business please contact us.

*Demis and Wenzlick, P.C.*

Certified Public Accountants

Owosso, Michigan  
July 8, 2005